

## Subpart A—Financial Responsibility for Licensed Reentry Activities

### § 450.1 Scope of part; basis.

This part sets forth financial responsibility and allocation of risk requirements applicable to commercial space reentry activities that are authorized to be conducted under a license issued pursuant to this subchapter.

### § 450.3 Definitions.

(a) For purposes of this part—

*Bodily injury* means physical injury, sickness, disease, disability, shock, mental anguish, or mental injury sustained by any person, including death.

*Contractors and subcontractors* means those entities that are involved at any tier, directly or indirectly, in licensed reentry activities, and includes suppliers of property and services, and the component manufacturers of a reentry vehicle or payload. Contractors and subcontractors include those entities as defined in § 440.3(a)(2) of this chapter involved in licensed launch activities associated with a particular reentry.

*Customer* means

(1) A person who procures reentry services from a licensee or launch services associated with a particular reentry;

(2) Any person to whom the customer has sold, leased, assigned or otherwise transferred its rights in the payload (or any part thereof), to be reentered by the licensee, including a conditional sale, lease, assignment, or transfer of rights.

(3) Any person who has placed property on board the payload for reentry or payload services; and

(4) Any person to whom the customer has transferred its rights to reentry services.

*Federal range facility* means a Government-owned installation at which launches or reentries take place.

*Financial responsibility* means statutorily required financial ability to satisfy liability as required under 49 U.S.C. 70101–70121.

*Government personnel* means employees of the United States, its agencies, and its contractors and subcontractors, involved in reentry services for licensed reentry activities or launch

services for licensed launch activities associated with a particular reentry. Employees of the United States include members of the Armed Forces of the United States.

*Hazardous operations* means activities, processes, and procedures that, because of the nature of the equipment, facilities, personnel, or environment involved or function being performed, may result in bodily injury or property damage.

*Liability* means a legal obligation to pay claims for bodily injury or property damage resulting from licensed reentry activities.

*License* means an authorization to conduct licensed reentry activities, issued by the Office under this subchapter.

*Licensed launch activities* means the launch of a launch vehicle as defined in a regulation or license issued by the Office and carried out pursuant to a launch license.

*Licensed reentry activities* means the reentry of a reentry vehicle, including a reusable launch vehicle (RLV), as defined in a regulation or license issued by the Office and carried out pursuant to a license.

*Maximum probable loss* (MPL) means the greatest dollar amount of loss for bodily injury or property damage that is reasonably expected to result from licensed reentry activities;

(1) Losses to third parties, excluding Government personnel and other launch or reentry participants employees involved in licensed reentry activities, that are reasonably expected to result from licensed reentry activities are those having a probability of occurrence on the order of no less than one in ten million.

(2) Losses to Government property and Government personnel, as defined in this section, that are reasonably expected to result from licensed reentry activities are those having a probability of occurrence on the order of no less than one hundred thousand.

*Office* means the Associate Administrator for Commercial Space Transportation of the Federal Aviation Administration, U.S. Department of Transportation.

*Property damage* means partial or total destruction, impairment, or loss of tangible property, real or personal.

*Regulations* means the Commercial Space Transportation Licensing Regulations, codified at 14 CFR Ch. III.

*Third party* means:

(1) Any person other than:

(i) The United States, its agencies, and its contractors and subcontractors involved in reentry services for licensed reentry activities or launch services for licensed launch activities associated with a particular reentry;

(ii) The licensee and its contractors and subcontractors involved in reentry services for licensed reentry activities or launch services for licensed launch activities associated with a particular reentry; and

(iii) The customer and its contractors and subcontractors involved in reentry services for licensed reentry activities or launch services for licensed launch activities associated with a particular reentry.

(2) Government personnel, as defined in this section, are third parties.

*United States* means the United States Government, including its agencies.

(b) Except as otherwise provided in this section, any term used in this part and defined in 49 U.S.C. 70101-70121 or in § 401.5 of this chapter shall have the meaning contained therein.

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#### § 450.5 General.

(a) No person shall commence or conduct reentry activities that require a license unless that person has obtained a license and fully demonstrated compliance with the financial responsibility and allocation of risk requirements set forth in this part.

(b) The Office shall prescribe the amount of financial responsibility a licensee is required to obtain and any additions to or modifications of the amount in a license order issued concurrent with or subsequent to the issuance of a license.

(c) Demonstration of financial responsibility under this part shall not relieve the licensee of ultimate responsibility for liability, loss, or damage sustained by the United States result-

ing from licensed reentry activities, except to the extent that:

(1) Liability, loss, or damage sustained by the United States results from willful misconduct of the United States or its agents;

(2) Covered claims of third parties for bodily injury or property damage arising out of any particular reentry exceed the amount of financial responsibility required under § 450.9(c) of this part and do not exceed \$1,500,000,000 (as adjusted for inflation occurring after January 1, 1989), above such amount, and are payable pursuant to 49 U.S.C. 70113 and § 450.19 of this part. Claims of employees of entities listed in paragraphs (1)(ii) and (iii) of the definition of "third party" in § 450.3(a) of this part for bodily injury or property damage are not covered claims;

(3) Covered claims for property loss or damage exceed the amount of financial responsibility required under § 450.9(e) of this part and do not result from willful misconduct of the licensee; or

(4) The licensee has no liability for covered claims by third parties for bodily injury or property damage arising out of any particular reentry that exceed \$1,500,000,000 (as adjusted for inflation occurring after January 1, 1989) above the amount of financial responsibility required under § 450.9(c) of this part.

(d) A licensee's failure to comply with the requirements in this part may result in suspension or revocation of a license, and subjects the licensee to civil penalties as provided in part 405 of this chapter.

#### § 450.7 Determination of maximum probable loss.

(a) The Office shall determine the maximum probable loss (MPL) from covered claims by a third party for bodily injury or property damage, and the United States, its agencies, and its contractors and subcontractors for covered property damage or loss, resulting from licensed reentry activities. The maximum probable loss determination forms the basis for financial responsibility requirements issued in a license order.

(b) The Office issues its determination of maximum probable loss no later